

LANDMARK MEWS COMMUNITY ASSOCIATION MINUTES
Special Board Meeting February 21, 2013

A special meeting of the LMCA board was held on Thursday, February 21, at 6271 Masefield Court. Board members present were: Jerry Putman (President), Charles Cureton (Vice President), Bill Gaffney (Treasurer), Maria Santos, Joel Kaplan, Linda Carter and Tom Craig. Absent was Secretary Heather McGhee. Also present were Roger Casalengo (Property Manager), Chris Dale (Interim Treasurer), and Bill Evinger (Covenants Chair). Also in attendance were homeowners Simon Bennett, Vicky Robertson, Susan Evinger and Eve Holtzman. Jerry stated that the purpose of the meeting was to select a replacement Treasurer since Chris Dale's tenure ends on April 30. He then presented Chris with flowers thanking her for her service as interim Treasurer.

Jerry moved to convene the meeting at 7:05pm, and Joel seconded. Approved 7-0. 0 Absent.

Treasurer Transition Plan

Jerry provided background on Chris' role as Interim Treasurer when Chris began in November 2012, having taken over Marty McDonald's former position. Since Chris' tenure is ending on April 30 and in order to allow for transition time, an RFP (Request for Proposal) for Financial Management Services was sent out to three (3) professional management companies. One (1) indicated that they would not be submitting a proposal as they only handled full service, not partial service. One (1) company, Select Community Services (SCS) submitted a proposal by Mark Bailey, SVP of SCS.

Jerry said that he wanted to perform due diligence and meet with the SCS so he, along with two other Board members, Charles Cureton and Tom Craig, along with Chris Dale, met with Mark Bailey in SCS's offices in Chantilly, VA on Saturday, February 16. Charles indicated that he entered the meeting with an open mind and was very impressed with Mark's presentation, which was very professional and conveyed a great deal of depth. Charles stated that Mark answered all of their questions and seemed very interested in our community. Tom echoed Charles' comments and said his main takeaway was that SCS manages communities for a living, it's what they do and that Mark was able to answer all of their questions drawing on the knowledge and experience that comes from professionally managing communities of all sizes for several years. He mentioned that SCS managed the Cameron Station community on Duke Street.

Jerry mentioned that on Sunday evening, February 17, an internal/homeowner candidate came forward. On Monday, a federal holiday, Chris Dale interviewed this individual, showed him the software, which he was familiar with. Chris stated that she wanted the Board to be aware of her concerns and unique perspective, not only as the interim Treasurer, but also as a homeowner, and urged the Board to keep in mind to be fiscally conservative when making their decision. This individual was also interviewed by three (3) other Board members – Jerry Putman (President), Charles Cureton (Vice President) and Tom Craig.

Jerry then distributed a chart with seven (7) HOAs sent by SCS to review the professional management fees and potential ancillary expenses. The majority of the ancillary fee expenses resulted from delinquencies, which Mark Bailey indicated ours would be very low since we only had 2-3 delinquencies at any given time. Jerry then referred to the bottom of the chart and said that the largest estimated ancillary fee would be the coupon books. He then went on to discuss the coupon book process. He also said that the Board would need to pass a resolution that any late fees would pass directly to the delinquent homeowner. Also discussed were payment options, credit card surcharges (\$2.50/transaction), electronic debit, etc. One homeowner, Vicky, asked if the coupon book cost would be absorbed by the Homeowner, and Jerry told her that it would be absorbed by the Community. Jerry also mentioned that the coupon book would replace the monthly invoices and a discussion ensued about potential issues. Linda asked if there would be a grace period for late payments since people were used to getting a monthly bill and would now have to switch to remembering to pay on their own from the coupon book.

Jerry then went on to distribute a one pager on SCS' Scope of Services, such as Board of Directors Reports, Financial Services and Additional Details (e.g., cash disbursements, general ledger maintenance, etc.). Bill Gaffney would have to pay SCS once a month after he received their invoice. Vendor payments were discussed and Tom mentioned that we need to verify the mechanism for collection and disbursements of funds.

Jerry said that prior to the Board vote, there was a list of transition requirements by SCS and LMCA HOA that would have to take place over a period of 60-75 days. Since Chris' last day is April 30, it currently leaves us with 71 days for the transition. Jerry moved to a Board vote, but then Joel mentioned he had several questions before doing so. Specifically, Joel had questions with regards to the following in the Management Agreement:

- Page 5, ¶ 13 on Indemnification. Jerry said that he would have LM's lawyer read the contract and address any questions/concerns.
- Page 4, ¶ 9, part B on need clarification on Association Employees. Tom also requested clarification on this paragraph.
- Page 3, Section (d), Financial Reports. Joel asked for clarification and Tom said that a tax accountant would have to file our taxes, as is the current practice.
- Exhibit A – Joel had questions about some of the ancillary expenses, clarification on some, which ones were applicable, etc.

Joel brought up the internal candidate. Charles indicated that he was not comfortable with the candidate for many reasons. Tom said that he likely has the technical skills, but didn't seem to have the depth of knowledge that SCS brought to the table. Jerry said that he would refrain from comment as the President, and the goal was to select the best solution that would provide long term stability for the community, and that was with an external company. Jerry said he had a discussion with Chris that she could train the candidate for two months as a trial period, however, if it didn't work out, that we would be in the same situation that we are currently in. Also, a resident could move (as Marty did), and then we would be in the same boat again. For business continuity purposes, it made more sense to select an external management company where even if a staff person

changed, the financial management services would continue seamlessly/uninterrupted. Tom said our commitment to SCS is one year. They have a proprietary accounting system that would require some period of LMCA financials with info on every home, expense tracking, etc.

Joel said that he understands the time constraint, but there are too many questions to go to a Board vote. Tom said suggested that we move ahead, ask LM's lawyer to look at the contract and answer any questions we may have. Joel said that was fine, but that we should vote AFTER we conduct due diligence. Bill Gaffney also stated that we should move ahead with SCS.

Jerry Putman (with clarification from Charles Cureton) moved to have the LM lawyer review the contract, have the LM lawyer and SCS respond to questions from the Board, then hold a meeting to discuss the results then vote. Joel Kaplan second. Approved 7-0. 0 Absent.

Jerry then stated to send all questions to him by COB Friday, February 22 and he would compile and forward the questions to the appropriate parties (LM lawyer, insurance agent and SCS). The Board agreed to those conditions. Vicky (homeowner) requested a copy of the Management Agreement. Joel asked if the meeting notice went out to the entire community. Jerry said yes and Bill Evinger said that the lack of homeowners at the meeting conveyed the Community's confidence in the Board to make the right decision. Jerry echoed that sentiment stating that the Community trusts the Board and that if there is a problem, we will hear about it. All comments that he's received thus far regarding external financial management have all been positive. Bill Evinger asked if any professional referrals were provided and Roger said that he would contact Cameron Station's Property Manager to get a reference. Simon asked how we were going to handle the application from the internal candidate and Jerry said that he would advise him of our decision.

Other Business

As policy is not discussed in executive session, Jerry closed discussion and the Board entered executive session at 7:53pm.

Tom Craig moved to enter Executive Session, and it was seconded by Linda Carter. Approved 7-0. 0 Absent.

Joel moved to end Executive Session, and it was seconded by Tom Craig. Approved 7-0. 0 Absent.

At the conclusion of the executive session, the Board reconvened in public session, as required by the Property Owner's Association Act.

Jerry Putman moved to suspend future late fees of a homeowner due to extenuating circumstances. Seconded by Joel Kaplan. Approved 7-0. 0 Absent.

There being no further business, Jerry Putman moved that the meeting be adjourned, and it was seconded by Joel Kaplan. Approved 7-0, Absent 0, the meeting was adjourned at 8:15 PM.

The Board's next regularly scheduled monthly meeting will be on March 13th at Charles Cureton's home, 6303 Chaucer View Circle at 7:00 p.m.

Respectfully submitted,
Maria Santos